



# **Working Their Way Out of Poverty?**

## Sole Mothers, Work, Welfare and Material Well-being

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1



### **Background**

Over the last 25 years, policy perspectives on sole mothers and market work have turned around

- 1973-mid 80s unemployable due to caring obligations
- Mid 80s -2001 encouraged to take up paid work
- 2002 - subject to work enforcing policies

Under mutual obligation sole mothers with school age children are obligated to engage in market activity

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2

## Labour Market Participation

Sole mothers' workforce participation is judged as too low. ABS (2000) data indicate:

### Full time work:

Sole mothers 22%: Married mothers 26%

### Part time work

Sole mothers 24%: Married mothers 34%

### Unemployment rate

Sole mothers 16%: Married mothers 5%

Married mothers act as de facto comparison group

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3

## Efficacy of Labour Market Work

Welfare reform debate assumes work reduces poverty and dependency but recent data question this link. Findings include:

- Most welfare to work transitions lead to revolving door welfare – not permanent exit
- Paid work not always an escape from poverty. Working sole mothers need more income
- Type of work available a factor. Restructured labour market greatly increased low paid, casual jobs

Will increased work also equal increased material well-being?

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4

## The Study

Uses OLS regression and NLC 1<sup>st</sup> round data. Examines impact of maternal employment status on household material well-being.

- Sole mother = women with resident child aged under 18 not living with a male partner (n=143)
- Married mother = women with resident child aged under 18, in a registered marriage and living with a husband (n=440)

N = 583

5

## Operationalising Material Well-being

3 alternative measures of material well-being

### 1. EARNINGS

Respondents' earnings from employment.

Approximately 37 % of the sample is not employed  
To avoid censoring the dependent variable the analysis is restricted to those mothers who report positive annual earnings.

6

## 2. Household

Annual equivalised household income. Includes:

- Employment earnings
- Social security income
- Other income (rent, dividends etc)
- Child support income
- Partner's income (where applicable)
- Business income

**Equivalence formula =  $HI / \sqrt{N}$**

HI = Total Household Income    N = Total adults and children under 18 years in household

7

## 3. FULL INCOME

Based on Richardson and Travers' (1993) 'full income'

- Annual household income from all sources
- Value of Centrelink concession cards
- Value of non-employed parental time

Equivalised - plus

- Value of imputed rent from home ownership

Factors recognise trade-off in market and unpaid work time faced by households to achieve well-being

8

## Value of Components

- Adult non-employed = [(50 – hours worked previous week) \* hourly wage] \* 365.25/7
- Home ownership = 5% of home equity
- Concession cards = \$1200 as per Richardson and Travers adjusted by CPI to 1996/97 levels = \$1324

Explanatory variables = parental background, demographic characteristics, no./age of children employment and partnered status

Provide broad range plus reflect common variables in research on the labour market and sole mothers

9

## Table 2

Absolute value of 3 measures rise with their level of comprehensiveness

- EARNINGS - \$17141
- HOUSEHOLD - \$24579
- FULL INCOME -\$44920

Explanatory variables:

Sole and married mothers roughly similar except for number and ages of children

- Fewer and older children in sole mother households

10

### Table 3

**MWB1: EARNINGS:** Adj R2 = .13

Predictive Variables:

- Occupation: Professional/Managerial + \$12380 pa  
Clerical/Trades + \$6047 pa
- Father's occupation: Prof/Managerial +\$3944 pa
- Trend is for employed married mothers to earn *less* per annum than the sole mothers

12

### Table 4

**HOUSEHOLD:** Adj R2 = .27

Predictive Variables:

- Being currently employed + \$4605 pa
- Occupation: + \$5311 for prof/managerial position
- Number of children -\$1880 pa for each extra child
- Being partnered + \$12104 pa

*The material benefit of a partner far outweighs the economic value of labour market activity*

13

## Table 5

**FULL INCOME** – Adj R2 =.26

Predictive Variables:

- Age + \$688 for each year
- Fathers occupation + \$5189 for prof/admin
- Number of children - \$4476 for each extra child
- Pre-school age child +\$3036
- Occupation =prof/managerial +\$5006
- Partnered status: Sole mother -\$18230

*Employment status is not significant*

14

## Discussion

Two clear but contrasting trends

1. As comprehensiveness of well-being measure increases, predictive significance of the mother's labour force status decreases.
2. Partnered status has opposite effect. Negative implication of being a sole parent increases as comprehensiveness of the measure increases

Suggests sole mother family's disadvantaged position related to *the soleness of their parenting* rather than personal characteristics

15

## Conclusion

Greater workforce activity may reduce sole mothers' reliance on the state but not necessarily lead to higher levels of material well-being

- Sole motherhood and poverty obviously linked, but lack of market work not necessarily the cause
- Inadequate monies from income support may merely be replaced by inadequate market income
- For many, working their way out of poverty may not be an accessible or realistic option.